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## Russian Federation

### Citrus

### Grapefruit Market

**2007**

**Approved by:**

Kimberly Svec  
American Embassy

**Prepared by:**

Ksenia Evdokimova, Kristy Goodfellow

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**Report Highlights:**

Russia is currently in a period of rapid economic expansion, and Russian consumers are demanding product diversification and quality produce. Russia has become the world's third largest grapefruit importer after Japan and the European Union. Although there are logistical challenges facing imports, the market growth and consumption trends indicate opportunities for U.S. grapefruit exporters to enter or expand in the Russian market.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Moscow [RS1]  
[RS]

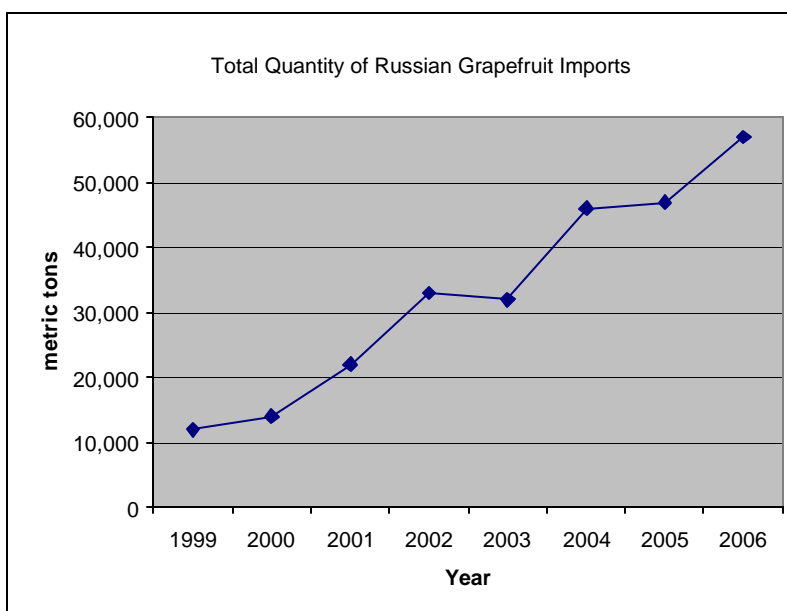
**Russia's Grapefruit Market Potential:**

Russia is currently in a period of rapid economic expansion, with gross domestic product (GDP) exceeding US\$1 trillion. GDP grew by an average of 6.7 percent annually 1999–2006 due to high petroleum prices, a weak ruble, increasing service production and growing industrial output. Russian consumers are demanding product diversification as incomes increase and new western-style supermarkets become more common. Growing consumer demand offers opportunities for new U.S. grapefruit exporters to enter the market as the demand grows for higher quality product. Consumers place more emphasis on quality than on price, therefore, the higher cost of fruit when paired with supreme quality is not an obstacle to trade.

Russian consumption patterns have changed over the last ten years. More people are emphasizing healthy lifestyles, thus participating in sports and consuming healthier food. Consumers of fruit and fresh juices usually have medium to high incomes, and these customers follow trends not only in clothing but also in food. Urban residents (ages 18-65) are the primary consumers of grapefruit in Russia.

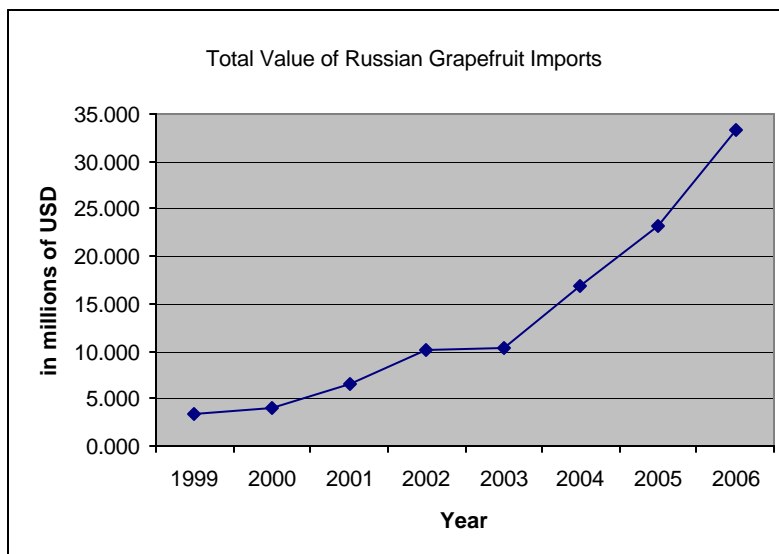
**Grapefruit Demand:**

In 2006, Russia was the world's third largest grapefruit importer after Japan and the European Union. Russian grapefruit imports quadrupled between 2000 and 2006.



*\* Figures from Global Trade Atlas*

The total monetary value of grapefruit imports has risen at an even faster rate.

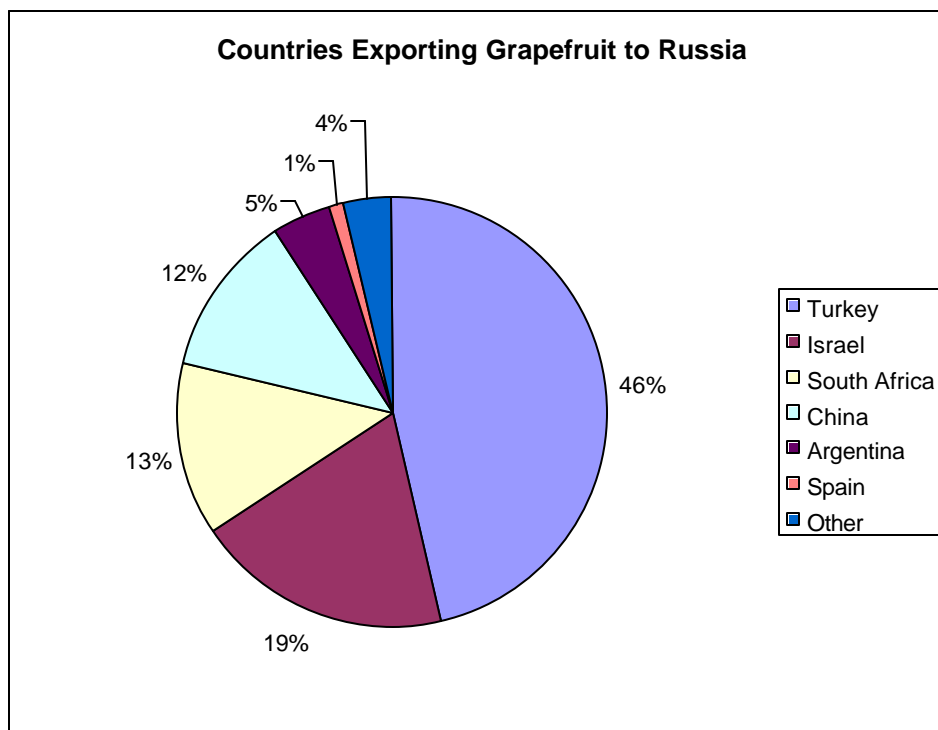


\* Figures from Global Trade Atlas

### Grapefruit Supply

Almost all grapefruit is imported as domestic production of citric fruit is insignificant. Private orchards (0.2 hectares) in the Kabardino Balkaria and Krasnodar regions average only 300 tons of citrus fruits per year.

Turkey exports the largest quantity of grapefruit to Russia. Other substantial contributors are Israel, South Africa, China and Argentina. Grapefruit from the United States makes up only 0.05 percent of the market.



\* Figures from Global Trade Atlas

Russian consumers are largely unaware of grapefruit brands. Consumers generally look at the fruit itself when making purchasing decisions. The main brands sold in the Russian market are Israel's "Carmex" and "Jaffa". Competitors copy some successful brands.

Grapefruit brands available on the Russian market include:



The average wholesale price for the Florida grapefruit in Moscow is roughly US\$25-30 per box, while prices for Turkish and Israeli boxes are around US\$20 per box. According to the Global Trade Atlas, the average per-kilo price of grapefruit has increased about one US dollar per year over the last three years. In 2004 the average price was \$3.60, but jumped to \$4.90 in 2005 and \$5.90 in 2006.

Referring to dealers' poll results, about 70 percent of grapefruit sales in Russia take place in wholesale warehouses and markets. Also, 81 percent of shoppers prefer purchasing grapefruit in markets because the prices of fruit is lower compared to the prices in grocery stores and supermarkets. The assumed quality of market-sold fresh products also attracts shoppers.

#### **Consumption habits:**

Russians almost always eat grapefruit the way they eat oranges, by peeling the skin off and eating slices with their hands. There are no grapefruit spoons available and it is not common to consume the fruit using a regular spoon.

Freshly squeezed grapefruit juice is available in many restaurants and cafes and is becoming very popular. Home squeezers are available in stores for people who like to have fresh citrus juice with their breakfast or brunch.

Among Russian consumers, grapefruit is not normally perceived as a component of a main meal (breakfast, lunch or dinner). The fast pace of life does not allow people to spend much time consuming their meals, which is why healthy snacks that are convenient to eat at any place are growing in popularity.

#### **Challenges Facing Imports:**

Currently the technological equipment of many seaports and main railroad centers keeps up with average international standards, so most of the logistical points of transportation provide easy loading and unloading of containers. At the same time, computerization in the country remains poor because infrastructure is not keeping pace with the increase of imports. The St. Petersburg port is old and cannot handle the current traffic of imports. Containers are often delivered two to four weeks late. The Russian Government and port authorities do not take proper steps to ensure speedy delivery of the containers from the port to the market. To learn more about the St. Petersburg port situation refer to (GAIN RS7311): <http://www.fas.usda.gov/gainfiles/200705/146280991.pdf>.

Many countries have already established themselves in the Russian grapefruit market. Additionally, logistics and transportation from Argentina and South Africa are carried out in

collaboration with apples and pears and shipped in bulk on the same vessels, making transport cheaper and more reliable.

**Conclusion:**

According to the US Census Bureau, Russian fresh fruit imports have grown dramatically in the last five years. In 2002, total import of fresh fruits was roughly US\$1.5 million, while in 2006 it reached US\$10.8 million. The first four months of 2007 indicate a 41-percent growth from 2006.

U.S. apples, pears, and grapes have found their market but Russians are continually looking for new suppliers of grapefruit to provide quality product and minimize risks of bad harvests.

For the third consecutive year, Russian buyers are going on a mission to PMA, Freshsummit show in October. To learn more about the Buyers group contact [Ksenia.Evdokimova@fas.usda.gov](mailto:Ksenia.Evdokimova@fas.usda.gov)

Please also review our previous Attache report on Citrus Fruit at:  
<http://www.fas.usda.gov/gainfiles/200512/146176473.pdf>

To learn more about exporting to Russia refer to:  
<http://www.fas.usda.gov/gainfiles/200610/146249227.pdf>

To learn more about Russian retail market refer to:  
<http://www.fas.usda.gov/gainfiles/200612/146269877.pdf>

To learn more about Russian HRI sector refer to:  
<http://www.fas.usda.gov/gainfiles/200706/146291269.pdf>